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"Tax Reform for All Americans"

Over the last few months, my colleagues in Congress and I have begun to reevaluate our nation's tax code. The tax reform debate is one that is vitally important to everyone in North Florida, because whether you are a business owner, a factory worker, a teacher, or a student, changes in the tax code will impact us all. Recognizing the significance of these debates, I spent a week in January conducting "Tax Reform Forums" throughout my district to discuss some of the tax reform proposals that are being debated in Congress and to find out what changes my constituents think are best.

During these forums, we reviewed two current proposals: H.R. 1040, the Flat Tax, and H.R. 2001, the National Sales Tax. Unfortunately, in analyzing these bills, we discovered that no one tax reform proposal is perfect and each approach requires trade-offs. The Flat Tax proposal would establish a flat wage tax on individuals and a flat cash-flow tax on businesses at a tax rate which would start at 20%, but then decline to 17% once the tax is fully phased in. The selling point of this legislation is that both businesses and individuals would be able to file their taxes on a postcard sized tax return. However, this bill is not revenue neutral: in comparison to the current tax system, this proposal would lose \$40 billion in revenue in the first year and up to \$138 billion per year once the plan is fully phased in.

The National Sales Tax would abolish the IRS and create a 15% sales tax on consumer sales. The legislation would establish a Personal Consumption Refund to ensure that the basic necessities of life remain tax free and tax exemptions would be placed on all business expenses. However, many people raised concerns about the difficulty in establishing a collections system for the National Tax, and others were worried that without strict enforcement, people would be able to turn the business expenses exemption into a massive loophole for personal gain.

There is no doubt: the time for tax reform is now. However, a quick review of the issue reveals that even some of the most basic reform proposals raise complex problems and questions that Congress will need to sort out before taking action. As Members of Congress, we owe it to the American people to guarantee that before we abolish, or even reform the current system, we have an appropriate alternative in place.

As Congress begins to address these complex problems and questions, we need to have basic guidelines and priorities to ensure that the new tax system reflects the values of the American people. Based on the feedback that I received from the people of North Florida, I have drafted legislation, which I will introduce in the next few weeks that expresses the sense of Congress that the tax code should be reformed by July 1, 2001 and that in writing the new tax code,

Congress should stick to four basic guidelines.

Specifically, this legislation states that Americans agree that the current tax code is too complex and complicated, requires citizens to spend too many hours completing tax returns, and provides too many loopholes for special interests. Most importantly, this resolution states that any tax reform legislation must 1) ensure that Social Security and Medicare are protected, 2) be revenue neutral and not result in any further deficit spending, 3) treat all Americans fairly, and 4) be SIMPLE.

Unfortunately, the nature of politics dictates that Congress will probably not act on tax reform until after the Presidential elections in 2000, but Congress is definitely discussing the issue now. I would like for the people of North Florida to continue to stay in close touch with me on this issue and I encourage my constituents to contact my Washington office at (202) 255-5235 with any questions or comments that they might have regarding tax reform.